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TAGS: [PREL](#) [KCRM](#) [PGOV](#) [PINR](#) [KDEM](#) [UNMIK](#) [YI](#)
SUBJECT: KOSOVO: SOUTHERN SERB MUNICIPALITY OF STRPCE
COMPLAINS BUT STAYS ENGAGED WITH PRISTINA

Classified By: COM TINA KAIDANOW FOR REASONS 1.4 (B) AND (D).

11. (C) SUMMARY. Kosovo Serb leaders of Strpce municipality complain that despite running "the only real multi-ethnic municipality in Kosovo," their efforts are severely hampered by dwindling resources from Pristina. While admitting that they also receive financial transfers from Belgrade, these leaders claim this money does not go toward the municipality itself and contend that they are being disproportionately disadvantaged compared to Albanian municipalities. Internationals on the ground tell us they do not see evidence of this, saying all municipalities suffer from severe shortfalls and citing Strpce's inflated municipal workforce and excessive salaries. Despite a belief that decentralization will enhance ties to and perhaps increase transfers from Belgrade, these leaders, unlike their counterparts in the north, do want to stay engaged with Pristina. END SUMMARY.

A Serb Municipality Complains, But Deals With Pristina

12. (C) Unlike the three Serb-majority municipalities in northern Kosovo, Strpce has not formally cut ties with Pristina, but continues to receive funding from the Kosovo Consolidated Budget (KCB). However, Strpce mayor Stanko Jakovljevic and deputy mayor Slavisa Staletovic told us recently that despite their success at running Kosovo's "only real multi-ethnic municipality," their job has become steadily more difficult because Pristina's Ministry of Finance has reduced their municipal budget each year. (Note. According to November 2005 OSCE estimates, the population of Strpce is approximately 13,600, including 9,100 Kosovo Serbs, 4,500 Kosovo Albanians and 37 Roma. End Note.) Describing their situation as "catastrophic," the two officials said municipal assembly members have not received their salaries since January, and that the assembly and committees have not met for months, seriously hampering the functioning of the municipality. They claimed Strpce and Novo Brdo, another Serb municipality that receives funding from Pristina, are disproportionately affected by declining budgets, and labeled this as discrimination against Kosovo Serbs.

13. (C) Jakovljevic admitted that Strpce also receives funding from Belgrade's Kosovo Coordination Center (CCK), of which he is the local rep, but denied that municipal workers received salaries from Belgrade. He said that all Serb health care and education workers in Strpce receive their salaries from the CCK, and that the CCK also provides social assistance to poor families and assists with infrastructure development.

Internationals Deny Discrimination Charge

14. (C) UNMIK Strpce municipal representative Jacqueline King told us that other municipalities around Kosovo also face declining budgets, and denied that Strpce was being singled out. She said that as a temporary solution, the Ministry of Finance will transfer part of the Strpce health care budget to the municipal government to assist with the shortfalls. King also commented that major financial decisions are long overdue because both Serb and Albanian members of key committees have effectively been "on strike."

15. (C) The resident municipal advisor to USAID's Local Government Initiative in Strpce, Andrzej Pecikiewicz, also questioned the discrimination charge. He asserted that Strpce's budgetary problems stem partially from excessive salaries for assembly members -- all of whom have other full time jobs -- and from an inflated municipal workforce. The municipality could provide commensurate services with half (or less) of its current staff, he concluded.

Serbs See Decentralization Helping

16. (C) King noted that Serb residents of Strpce believe that a substantive decentralization package will alleviate some of

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their financial concerns by giving them greater autonomy and enabling enhanced ties with Belgrade and other Serb-majority municipalities. In contrast, she said, local Kosovo Albanians fear decentralization will marginalize or even force them out of local government. King was skeptical of Strpce Serb leaders' claims that they will leave if Kosovo becomes independent, since ongoing construction projects in the Serb areas speak to a long-term presence, regardless of status. Still, she noted, the opposition of Strpce Serb leaders to the privatization of the Brezovica ski complex -- an economic lifeline for the local Serb community's future -- demonstrates the continued influence of Belgrade and northern Serb hard-liners on Serb officials in the southern part of Kosovo.

17. (C) COMMENT. Strpce's Serb leaders are in a tough place. Lacking the degree of subsidization from Belgrade that northern Serb municipalities enjoy, municipal officials in Strpce have no choice but to continue cooperation with the Pristina government. For that, they are the recipients of an unending stream of criticism and pressure from northern Serb leaders and Belgrade, who press them to fall in line with the northern Serb boycott of PISG funding. Already uneasy in their relationship with northern leaders and uncertain of their future political prospects, Strpce officials are even more loath to engage in the kind of widespread layoffs of municipal employees that would be needed to balance the municipality's books. They will not be able to avoid economic rationalization in the long run, but in the short term they deserve as much support as we can give them. Post will continue to look for ways to bolster the leadership in these key Serb enclaves in Kosovo's south. END COMMENT.

18. (U) Post clears this message in its entirety for release to Special Envoy Martti Ahtisaari.
KAIDANOW